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C O N F I D E N T I A L BAKU 000787

SIPDIS

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TAGS: [ENRG](#) [EPET](#) [EINT](#) [PREL](#) [AZ](#) [TX](#) [TU](#)
SUBJECT: AZERBAIJAN'S SOCAR: OIL & GAS TRANSIT THROUGH
GEORGIA STILL SEVERELY LIMITED

REF: A. BAKU 765
[1](#)B. BAKU 761

Classified By: Acting DCM Robert Garverick, Reasons 1.4 b,d

[1](#)1. (C) Embassy officers met August 20 with State Oil Company of Azerbaijan (SOCAR) Deputy Vice President Vitaliy Baylarbayov to discuss oil and gas production and transport in light of the ongoing security crisis in Georgia. Baylarbayov offered the following observations on specific export routes:

-- BTC: fire in Turkey has been extinguished. BOTAS and BP technicians are investigating; there is no announcement yet on the cause of the explosion. Baylarbayov said that ACG production will be increased over the next two days and exports via BTC will be ramped up gradually with a near-term goal of one-half the previous flow -- or about 450,000 barrels per day. Storage facilities at the Sangachal terminal are full; there is no more capacity.

-- Baku-Supsa (Western Route) oil pipeline: still closed because of security concerns. Baylarbayov noted that a tanker that had approached Supsa several days ago and retreated because of concerns about nearby Russian naval vessels had returned to the Supsa port on Monday. The tanker was loaded and departed without incident for the Bosphorus. There is now no more oil at Supsa, according to SOCAR, as the pipeline is not operational and there are not storage facilities at the port.

-- Baku-Batumi: oil is not flowing to this port, in which Kazakhstan is largely invested, as the Georgian railroad is out of service. Baylarbayov said that the Russians had destroyed a railroad bridge nearly Tbilisi, rendering the Georgian east-west railway non-operational. SOCAR expects the railroad bridge to be repaired in approximately 10 days. Further problems may exist, though, as the Georgian railroad splits west of Tbilisi at Senaki, which has had a presence of Russian troops. From Senaki, the railroad runs to ports at Batumi, Poti and Kulevi. The Batumi port has some capacity for oil storage, but only small volumes remain there.

-- Kulevi Port: oil is not being shipped to Kulevi, in which SOCAR is heavily invested, because of the railroad interruption. Storage facilities at Kulevi are totally exhausted; there is no oil there to export.

-- Poti: Azerbaijan and Kazakhstan previously exported refined products from the Port of Poti; Poti did/does not handle crude oil exports. Baylarbayov said that the commercial port may or may not be damaged or destroyed, but,

regardless, is not operational. Deliveries to Poti are also disrupted because the railroad is not functioning.

-- Baku-Novorossiysk (Northern Route) oil pipeline: is functioning at full capacity. SOCAR has been exporting limited volumes of non-consortium oil via Novorossiysk; the AIOC consortium had not employed this pipeline, as exports had moved through BTC or by rail. Russians had previously notified SOCAR that the pipeline would be taken off-line for "technical reasons." SOCAR appealed to Transneft -- which SOCAR management described as "cooperative" -- and the Russians agreed to expedite repairs without interfering with volumes of oil exports. Approximately 80,000-100,000 barrels per day of AIOC oil is now moving through Baku-Novorossiysk, combined with SOCAR oil.

--Shah Deniz and the South Caucasus Pipeline: now operating nearly at pre-crisis levels, with natural gas moving to Georgia and Turkey. In previous days, Shah Deniz production had been scaled back, as condensate (produced in conjunction with natural gas) could not be exported via BTC or stored at Sangachal.

12. (C) Regarding intentional Russian targeting of Georgia's oil and gas infrastructure, including BTC and Baku-Supsa, Baylarbayov offered the following comments:

-- there is no evidence of Russian intentions to target or destroy specific oil and gas infrastructure in Georgia. Russians may have realized that targeting pipelines and ports was unnecessary, as military operations elsewhere were intentionally or unintentionally successful in stopping the

flow of oil and gas across Georgia's territory, at least temporarily.

-- Russians purposely avoided targeting or damaging foreign-held oil and gas assets in Georgia, including (in Baylarbayov's view) BTC, Baku-Supsa, Kulevi and Batumi. It is not surprising that the Russians targeted Georgian state railways and the port at Poti, which could be described as military objects.

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